

## MEMORANDUM



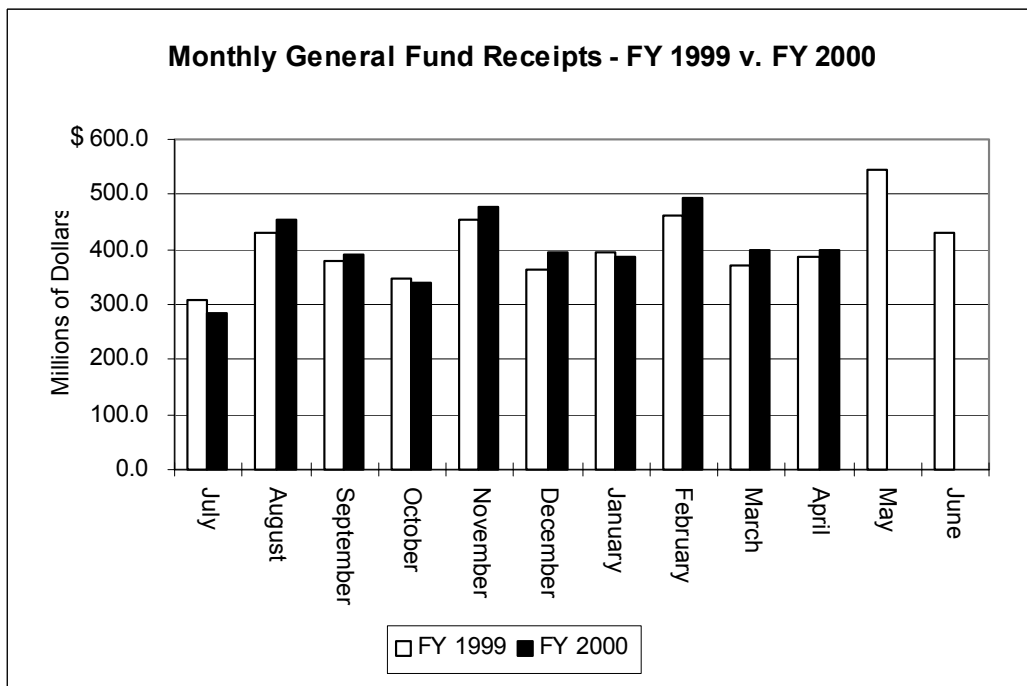
TO: Members of the Iowa Senate and  
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: May 1, 2000

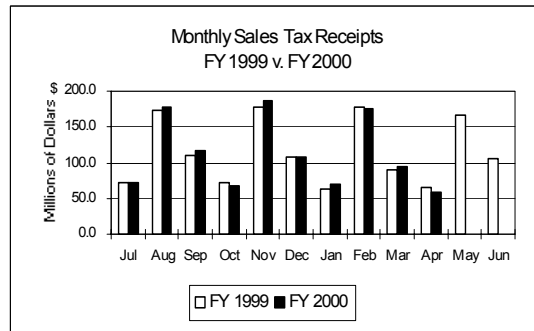
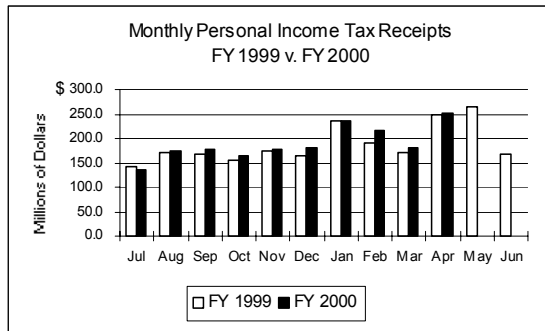
### General Fund Receipts Through April 30, 2000

The attached spreadsheet represents total FY 2000 General Fund receipts, with comparable figures for actual FY 1999. These can be compared to the latest FY 2000 estimate (\$5.060 billion) set by the Revenue Estimating Conference (REC) on April 7, 2000. The estimate represents an increase of \$180.4 million (3.7%) compared to FY 1999.



## FY 2000 Compared to FY 1999

Year-to-date FY 2000 revenue growth increased by \$126.8 million (3.2%) compared to FY 1999. This is below the REC estimate of 3.7% for FY 2000. Total April 2000 revenues increased \$14.6 million (3.7%) compared to April 1999.



**Gross personal income tax** revenues received in April were \$30.5 million (13.7%) more than April 1999. Year-to-date growth in personal income tax is \$90.5 million (5.0%) more than FY 1999.

Withholding receipts increased in April, increasing by 10.7% compared to April 1999. Year-to-date growth in personal income tax withholding payments is \$81.7 million (5.9%) more than FY 1999.

Estimate payments increased in April, posting a gain of \$2.2 million (8.7%) compared to April 1999. Year-to-date decline in personal income tax estimate payments is \$16.9 million (6.1%) less than FY 1999. July and October 1999 estimate payments were very strong, but moderated through the remaining months of FY 1999. Year-to-date experience indicates that FY 2000 estimate payments will more closely follow the lower level of the second half of FY 1999.

The REC FY 2000 income tax estimate of \$2.349 billion represents a projected increase of 5.2% compared to actual FY 1999.

**Sales tax** receipts in April were \$7.5 million (11.3%) less than April 1999. Growth in FY 2000 sales tax receipts stand at \$20.7 million (1.9%) compared to FY 1999.

The REC estimate for FY 2000 sales tax receipts is \$1.423 billion, an increase of 3.3% compared to actual FY 1999.

**Corporate income tax** receipts in April were \$12.1 million (33.0%) less than April 1999. Estimate payments received in April were \$11.1 million (33.9%) less than April 1999. The decline in overall FY 2000 corporate income tax payments stands at \$16.2 million (6.7%) below the FY 1999 level.

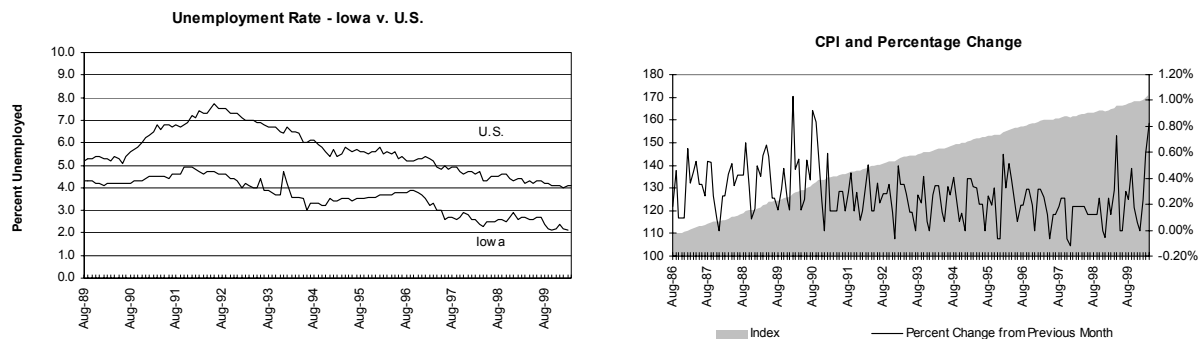
The REC projected FY 2000 corporate income tax receipts would total \$316.1 million, a decrease of 1.8% compared to actual FY 1999.

**Racing and gaming** receipts to the General Fund in November reached their statutory cap of \$60.0 million during November. All racing and gaming receipts in excess of \$60.0 million are deposited in the Rebuild Iowa Infrastructure Fund. As a result, activity in these accounts has little direct impact on the General Fund. The REC estimated that \$120.1 million from this source would be deposited to the Infrastructure Account in FY 2000.

## Status of the Economy

The seasonally adjusted percent unemployed for the State in March fell from February's rate of 2.2% to 2.1%. The unemployment rate a year ago was 2.7%. Iowa's total March employment registered 1,585,200, down from February's level of 1,586,900. The number of unemployed persons in Iowa stood at 33,100 in March, which is down from February's level of 35,100. The U.S. unemployment rate remained unchanged in March at 4.1%.

Consumer prices in March rose by 0.2% from October's level. The Consumer Price Index (CPI-U) through March 2000 was 171.1 (1983=100), which is 3.7% higher than one year. The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through March 2000.



Information related to State General Fund receipts is available electronically through the Fiscal Bureau's Electronic Publishing of Information System (EPI). If you have questions regarding this service, you may contact Glen Dickinson (515-281-4616).

GENERAL FUND RECEIPTS - FY 2000 vs. FY 1999						ESTIMATED GENERAL FUND RECEIPTS in millions of dollars		
July 1 through April 30, in millions of dollars						FY 99 Actual Compared to FY 00 REC Estimate		
	FY 1999		FY 2000		Year to Date	Actual	Estimate	% CHANGE
					% CHANGE	FY 1999	FY 2000	% CHANGE
Personal Income Tax	\$ 1,799.6	\$ 1,890.1	5.0%	13.7%		\$ 2,233.7	\$ 2,349.0	5.2%
Sales Tax	1,107.4	1,128.1	1.9%	-11.3%		1,377.5	1,422.7	3.3%
Use Tax	205.7	206.6	0.4%	-0.5%		242.7	249.0	2.6%
Corporate Income Tax	243.2	227.0	-6.7%	-33.0%		321.8	316.1	-1.8%
Inheritance Tax	75.1	98.2	30.8%	1.5%		90.1	113.1	25.5%
Insurance Premium Tax	56.7	59.5	4.9%	n/m		114.3	116.7	2.1%
Cigarette Tax	76.2	73.9	-3.0%	-20.0%		92.3	91.4	-1.0%
Tobacco Tax	5.4	5.5	1.9%	0.0%		6.5	6.8	4.6%
Beer Tax	10.8	11.2	3.7%	10.0%		13.1	13.1	0.0%
Franchise Tax	25.7	23.7	-7.8%	-18.5%		33.8	32.9	-2.7%
Miscellaneous Tax	1.8	2.8	55.6%	-50.0%		1.1	1.1	0.0%
Total Special Taxes	\$ 3,607.6	\$ 3,726.6	3.3%	2.3%		\$ 4,526.9	\$ 4,711.9	4.1%
Institutional Payments								
Liquor Transfers:	39.1	41.3	5.6%	n/m		49.7	49.0	-1.4%
Profits	23.5	28.0	19.1%	25.0%		32.3	34.5	6.8%
7% Gross Revenue	7.5	7.5	0.0%	0.0%		9.0	9.0	0.0%
Interest	28.3	22.7	-19.8%	-40.7%		34.1	25.5	-25.2%
Fees	47.8	55.2	15.5%	15.2%		58.3	64.3	10.3%
Judicial Revenue	37.2	40.9	9.9%	-7.6%		48.3	53.3	10.4%
Miscellaneous Receipts	51.6	46.7	-9.5%	183.3%		61.3	52.3	-14.7%
Racing and Gaming Receipt	60.0	60.0	0.0%	n/m		60.0	60.0	0.0%
TOTAL RECEIPTS	3,902.6	4,028.9	3.2%	3.7%		\$ 4,879.9	\$ 5,059.8	3.7%